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Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006)

Proposal to establish a world solidarity fund for poverty eradication

Report of the Secretary-General**

Summary

The present report was prepared pursuant to General Assembly resolution 56/207, which requested the Secretary-General to submit to the Assembly at its fifty-seventh session a report containing his recommendations on mechanisms, modalities, terms of reference, mandates and governance for the operationalization of a proposed world solidarity fund for poverty eradication. The report includes a proposal for the establishment of a world solidarity fund prepared by the United Nations Development Programme, in consultation with the Department of Economic and Social Affairs, which addresses all the elements set out in the resolution. The report provides a recommendation for consideration by the General Assembly regarding the establishment of the fund.

* A/57/50/Rev.1.

** The report was prepared in collaboration with the United Nations Development Programme.

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I. Introduction

1. In paragraph 38 of its resolution 56/207 of 21 December 2001, the General Assembly welcomed favourably the proposal to establish a world solidarity fund for poverty eradication and the promotion of human and social development in developing countries, in particular among the poorest segments of their populations. In paragraph 39 of the same resolution, the Assembly, with a view to establishing a world solidarity fund for poverty eradication, requested the Secretary-General to submit to it at its fifty-seventh session a report containing his recommendations on mechanisms, modalities, terms of reference, mandates and governance for the operationalization of the fund, bearing in mind the voluntary nature of contributions from Member States, international organizations, the private sector, relevant institutions, foundations and individuals and the need to avoid duplication of existing United Nations funds.

2. An earlier report of the Secretary-General submitted to the General Assembly on the implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006) (A/56/229 and Add.1 and Corr.1) provided a summary of views from Member States, organizations of the United Nations system and other stakeholders on the proposal to establish a world solidarity fund.

3. Since then, further views regarding the creation of such a fund have been received from a number of Member States. Some countries noted that the eradication of poverty had been reconfirmed at the International Conference on Financing for Development in Monterrey as a key objective of all international development cooperation, and expressed the view that there was little evidence that the proposed world solidarity fund would be able to raise additional resources for this purpose. It was also stressed that such a fund should be based on voluntary contributions and avoid both duplication of existing initiatives and diversion of scarce resources from the United Nations funds and programmes, in particular the United Nations Development Programme (UNDP). Other countries have reiterated the importance of establishing a world solidarity fund that can serve as a mechanism for combating poverty and promoting well-being in the least fortunate regions of the world.

II. Proposal to establish a world solidarity fund

4. A proposal for the operationalization of a world solidarity fund for poverty eradication has been prepared by UNDP, in consultation with the Department of Economic and Social Affairs, taking into account the views of Member States, organizations of the United Nations system and other stakeholders. This proposal, as contained in the annex to the present report, describes the mechanisms, modalities, terms of reference, mandates and governance for the establishment of a world solidarity fund.

III. Recommendation

5. Taking into consideration the proposal to establish a world solidarity fund for poverty eradication as contained in the annex, as well as the views expressed by Member States, organizations of the United Nations system and other stakeholders, the following recommendation is submitted for consideration by the General Assembly:

6. **The General Assembly may wish to decide to establish the world solidarity fund for poverty eradication, which would have the aim of assisting in halving extreme poverty by 2015 and in the achievement of other millennium development goals, such as halving the proportion of people without access to safe water, reducing child mortality by two thirds and maternal mortality by three quarters, achieving universal access to basic education and improving the lives of slum-dwellers, on the basis outlined in the proposal to establish a world solidarity fund, taking into account the following key elements:**

(a) The world solidarity fund would operate as a trust fund managed by UNDP through the United Nations Capital Development Fund and would follow all UNDP rules and regulations as agreed by its Executive Board.

(b) A high-level committee composed of no more than nine eminent persons appointed by the General Assembly upon the recommendation of the Secretary-General, with the ex officio membership of the Administrator of UNDP, would provide strategic direction and advocacy for the fund and would be responsible for the mobilization of funds.

(c) UNDP would be mandated to set up a small technical secretariat whose administrative expenses would be covered by no more than 5 per cent of the resources raised by the world solidarity fund. The function of the secretariat would be to review funding requests from community-based organizations and small private sector entities, channelled through the United Nations resident coordinators. Funding allocations would be made annually, would be incorporated as extrabudgetary income of the country office and would be subject to all financial rules and regulations governing UNDP funding.

(d) The UNDP Administrator would report biennially on the funding, management, operations and results of the world solidarity fund to the Executive Board of the United Nations Development Programme/United Nations Population Fund, and through the Executive Board to the Economic and Social Council and the General Assembly.

(e) The world solidarity fund would receive voluntary contributions in cash and in kind from individuals, foundations, organizations and business sector enterprises and would not duplicate existing operational programmes and modes of intervention. It would not receive funding the effect of which would be to divert the flow of funding allocated to official development assistance.

(f) The world solidarity fund would be used at the local level to finance actions aimed at improving the living standards of impoverished communities through, for example, improvements in access to drinking water, education and health services; access to the national electrical grid; improvements in housing and shelter conditions, rural roads and tracks; and support for income-generating activities, such as microfinance and microenterprise in the areas of agricultural by-products, crafts and trades, with special attention to increasing gender equity and greater access for women.

(g) The world solidarity fund projects at the country level would be evaluated annually and on completion of the project objectives, following United Nations Capital Development Fund procedures. The performance of the world solidarity fund, and its effect on poverty, would be evaluated every five years after its establishment, with the final evaluation occurring no later than 2015. These quinquennial evaluations would be reviewed by the General Assembly, which would make recommendations on the future operations of the world solidarity fund.

Annex

Proposal to establish a world solidarity fund for poverty eradication

I. Principles

1. The world solidarity fund for poverty eradication would have the aim of assisting in halving extreme poverty by 2015 and in the achievement of other millennium development goals, such as halving the proportion of people without access to safe water, reducing child mortality by two thirds and maternal mortality by three quarters, achieving universal access to basic education and improving the lives of slum-dwellers.

2. The world solidarity fund would draw extensively on successful national and international experiences in the field of poverty eradication and would not duplicate existing operational programmes and modes of intervention.

3. Although the world solidarity fund would have its own governance structure to provide overall strategic leadership, it would operate as a trust fund managed by the United Nations Development Programme (UNDP) through the United Nations Capital Development Fund (UNCDF).

II. Governance

4. A high-level committee composed of no more than nine eminent persons would be established, with its members appointed by the General Assembly upon the recommendation of the Secretary-General. The Administrator of UNDP would be an ex officio member of this committee.

5. Members of the high-level committee would act in their personal capacity. They would be mandated with providing high-level, strategic direction to the world solidarity fund, but would not intervene in day-to-day operations.

6. The high-level committee would be entrusted with the development of activities leading to raising sufficient levels of funding for the world solidarity fund. It would also serve as an advocate for the world solidarity fund at the global level.

7. The administration of the world solidarity fund would be entrusted to UNDP, which would be mandated to set up for this purpose a small technical secretariat within UNCDF managed by the UNDP Administrator in his capacity as Managing Director of UNCDF. The technical secretariat would benefit from the management and technical support of UNCDF staff who are specialized in the areas to be covered by the world solidarity fund, such as poverty reduction through small-scale, community-level investments in socio-economic infrastructure and income-generating activities. The technical secretariat would be entrusted with the day-to-day management of the world solidarity fund in accordance with UNDP financial rules and regulations. It would draw extensively on successful national and international experiences in the field of poverty eradication and would not duplicate existing operational programmes and modes of intervention. The technical secretariat would also collect information to report annually to the world solidarity fund high-level committee, thus enabling it to perform its resource mobilization functions effectively.

8. The UNDP Administrator would report biennially on the funding, management, operations and results of the world solidarity fund to the Executive Board of the United Nations Development Programme/United Nations Population Fund, and through the Executive Board to the Economic and Social Council and the General Assembly.

III. Funding

9. The world solidarity fund would receive voluntary contributions in cash and in kind from individuals, foundations, organizations and business sector enterprises. It would not receive funding the effect of which would be to divert the flow of funding allocated to official development assistance.

10. The high-level committee, with the ex officio membership of the Administrator of UNDP, would be responsible, inter alia, for mobilizing funds for the world solidarity fund.

11. The world solidarity fund resources would be administered in a trust fund set up for this purpose by UNDP through UNCDF and subject to all rules and regulations governing such trust funds.

IV. Operations

12. Administrative expenses for the technical secretariat would be covered by no more than 5 per cent of the resources raised by the world solidarity fund. The secretariat would become operational upon receipt of these resources.

13. The functions of the secretariat would be to review funding requests from community-based organizations and small private sector entities, channelled through the United Nations resident coordinators.

14. Funding allocations would be made annually and would be incorporated as extrabudgetary income of the country office and would be subject to all financial rules and regulations governing UNDP funding.

V. Areas of focus

15. Within its overall mandate of assisting in the halving of poverty by 2015, the world solidarity fund would be used at the local level to finance actions in the following areas:

(a) Improvement of the living standards of impoverished communities through, for example, improvements in access to drinking water, education and health services; access to the national electrical grid; and improvements in housing and shelter conditions, rural roads and tracks;

(b) Support for income-generating activities, such as microfinance and microenterprise in the areas of agricultural by-products, crafts and trades, with special attention to increasing gender equity and greater access for women.

VI. Monitoring and evaluation

16. The world solidarity fund projects at the country level would be evaluated annually and on completion of the project objectives, following UNCDF procedures.

17. The performance of the world solidarity fund, and its effect on poverty, would be evaluated every five years after its establishment, with the final evaluation occurring no later than 2015. These quinquennial evaluations would be reviewed by the General Assembly, which would make recommendations on the future operations of the world solidarity fund.